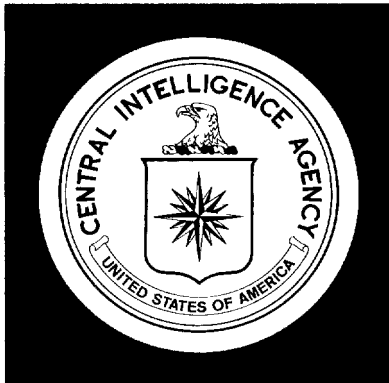


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DIRECTORATE OF
INTELLIGENCE

WEEKLY SUMMARY

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**CONTENTS** (18 August 1972)

The WEEKLY SUMMARY, issued every Friday morning by the Office of Current Intelligence, reports and analyzes significant developments of the week through noon on Thursday. It frequently includes material coordinated with or prepared by the Office of Economic Research, the Office of Strategic Research, and the Directorate of Science and Technology. Topics requiring more comprehensive treatment and therefore published separately as Special Reports are listed in the contents pages.

WARNING

The WEEKLY SUMMARY contains classified information affecting the national security of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

FAR EAST

- 1 Indochina
- 4 Relations with Peking: Japan;
- 6 Philippines: Clean-up 1972

25X1

25X6

EUROPE

- 8 Campaigning for the Common Market

25X6

- 10 Dutch Realm Disease
- 11 USSR: The Grain Drain
- 12 Sweden: More Help for Hanoi

**MIDDLE EAST
AFRICA**

- 12 Morocco: Lightning Strikes Again
- 13 The Mood in Cairo
- 13 Steps Toward a 'New' Sudan
- 14 Kuwait: Fledgling Politics
- 15 Chad: Fencing With France
- 15 Uganda: More Scapegoats

**WESTERN
HEMISPHERE**

- 17 Chile: Feeding the People
- 17 Venezuela: Maybe a Latin OPEC
- 18 Argentina: Lanusse's Woes
- 19 Panama: Torrijos' New Hat
- 19 Colombia: Anti-Subversive Drive

Page Denied

Next 2 Page(s) In Document Denied

SECRET**INDOCHINA****MILITARY ACTION PICKS UP**

4 [The Communists have increased their pressure against government positions in widespread areas of the country, but South Vietnamese forces have been able to blunt the enemy's attacks so far. Some of the week's sharpest action occurred in the southern provinces, especially near Lai Khe, the government's staging base for operations in the An Loc sector.] Enemy sappers raided major supply depots near Saigon and shelled a number of government positions in Tay Ninh, Hau Nghia, Long An, Dinh Tuong, and Kien Hoa provinces.]

4 [Farther south in the delta, heavy air strikes and action by South Vietnamese regulars and territorial forces have inflicted losses on Communist forces reported to be substantial. Enemy attacks, although on the increase, are still directed mainly at remote outposts, roads, and bridges. Men and supplies continue to move into the northern and western delta from Cambodia.]

On the northern battlefront, Communist artillery fire is still impeding government clearing operations in Quang Tri City. Both sides are rotating and reinforcing their units, which have suffered heavy losses. Seesaw fighting continues southwest of Hue, with government troops retaining the initiative.

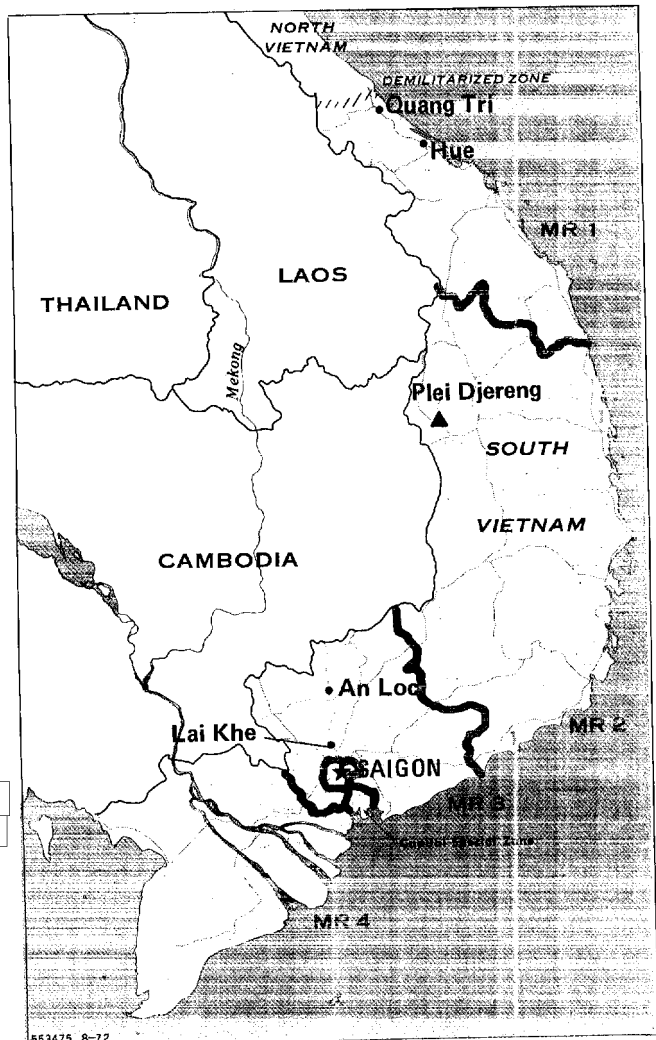
More to Come?

[There are additional signs pointing to an increase in enemy military activity.]

4 [] the Communists would like to step up the pace of their attacks between now and late August. Communist cadre are being told that another round of offensive action will undercut US policy on the war and force concessions from Washington. The string of terrorist, sapper, and small-scale infantry attacks during the week may be the opening of this effort.]

A SOBER TONE IN HANOI...

6 [Commentaries on the war in North Vietnamese publications have been notably subdued in recent weeks. The lead editorial in the July issue of the party theoretical journal, for instance, is restrained in its claims of battlefield successes and almost completely silent about the future course of the offensive. In an assertion that contrasts sharply with some of Hanoi's recent bombast, it claims merely that the "victories" of the

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6 last few months constitute a "new step" in the revolution. US attacks on the North are seen as a "spasm" of a "defeated" US administration. A recent article by a writer using the pseudonym "Chien Binh" took a similar line, and the same mood is appearing in the North Vietnamese daily press.]

7 [Hanoi's reversion to more modest claims may be related in part to a concern over its credibility both at home and abroad. The North Vietnamese may feel that by overstating their military gains they risk weakening the foreign, especially Western, support that they need to buttress their negotiating position. They may also have to take into account war tales passing through the party and army grapevines at home, as well as the stepped-up allied psychological warfare effort. They apparently believe they must be more careful with foreigners than with the domestic audience; "Chien Binh's" article, already mild by North Vietnamese standards, was further purged before it was released to newsmen in Paris.]

...But Toughness on Talks Persists

7 [Whatever the reason for the modification of Hanoi's propaganda claims on the war, the North Vietnamese have not changed their public line on negotiations. Indeed, in the last week they have restated their position with vehemence.] On 15 August, for instance, Hanoi lambasted the British for "harping again and again" on the idea of reconvening the Geneva Conference—even though London has done little on this front for months.]

6 [Another recent broadcast, beamed in Vietnamese to South Vietnam, reiterated Hanoi's long-standing assertions that the war will continue until both the political and military demands of the Communists are met. "Militarily speaking," the broadcast declared, "the Americans must withdraw; politically speaking, the puppets must be toppled, the Americans must stop supporting the Thieu clique, the Vietnamese traitor Thieu must resign, and the Saigon puppet administra-

tion must change its policies." The broadcast goes no further than recent Vietnamese Communist statements in Paris in spelling out what might be included in an initial political-military agreement with the US. [Specifically, it misses the opportunity to say that Thieu's departure from the scene must be part of such an agreement. Communist negotiators have skirted this question for weeks in an effort to convey an impression of greater flexibility in the Communist position.]

6 [Finally, on 16 August Hanoi Radio broadcast a convoluted editorial from the army daily that dealt with Western reports of a new US peace initiative. The article was careful not to deny such an initiative, but it went to great lengths to charge that the "so-called peace move" is nothing but an effort "to dupe public opinion."]

7 [Hanoi is undoubtedly aware that the private talks in Paris and the current travels of Dr. Kissinger and Le Duc Tho will set off new speculation in the Western press about peace prospects, and it may have decided that a special propaganda effort is needed to turn the speculation to its advantage as much as possible. Thus, it is pushing its standard propaganda image of the US as an unscrupulous operator at the bargaining table, and at the same time getting its own position once more on the record. The North Vietnamese may also be worried that their cadres and troops in the South will be influenced by rumors of a cease-fire or a negotiated settlement, and that they need to be reminded of the basic Communist objectives.]

CAMBODIA: FIGHTING ON TWO FRONTS

6 [Phnom Penh's efforts to regain the initiative along Route 1 have continued to meet stubborn resistance. At mid-week, the bulk of a Cambodian and South Vietnamese task force advancing cautiously down the highway was temporarily halted by Communist attacks about six miles from its initial objective, Kompong Trabek. Meanwhile, the government forces that recently withdrew from Kompong Trabek to the outskirts withstood

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8) a series of infantry and tank assaults. Their morale reportedly remained high in the face of enemy pressure, supply shortages, and inability to evacuate the wounded.]

9) [The Communists have taken some unusually high equipment losses since the fighting around Kompong Trabek began anew on 6 August. Heavy allied air strikes and artillery barrages are estimated to have destroyed 24 enemy tanks or other armored vehicles. Nevertheless, the enemy still is firmly in control over most of Route 1.]

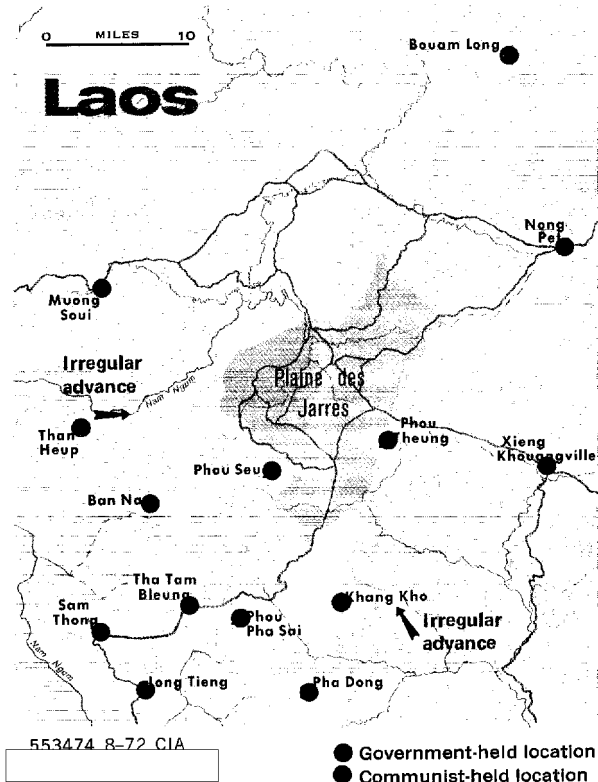
Action at Angkor Wat

10) [The only other major offensive operation launched by the Cambodians during the present rainy season was also disrupted by a number of minor Communist attacks in the vicinity of the Angkor Wat temple ruins in Siem Reap Province. The enemy's seizure of a key hilltop position in the ruins enabled the Communists to place harassing fire on Siem Reap's main airfield, closing it to all traffic. At the same time, attacks along a sizable stretch of Route 6, west of Siem Reap, closed the highway—further isolating the town. Although government forces in the Angkor Wat area outnumber their Communist attackers, the Cambodians reportedly have been badly demoralized.]

9) [Although recent military developments have occupied most of Lon Nol's time and attention, the President evidently intends to proceed with National Assembly elections on 3 September. The lack of any real fanfare thus far over the elections probably is largely due to the fact that there is no longer any serious opposition to pro-government candidates.]

LAOS: NEW PUSH IN THE NORTH

[The government has launched a major new offensive in the Plaine des Jarres area. Three ir-



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11) regular battalions, numbering about 1,200 men, were airlifted to positions about 11 miles west of the Plaine; a second 1,200-man irregular task force was moved to points 12 miles southeast of the Plaine. Both task forces have begun moving toward the Plaine, and so far have encountered little resistance. Vang Pao has several additional battalions fresh from several weeks of retraining, and presumably will soon commit them to the offensive.

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RELATIONS WITH PEKING

JAPAN'S RISING EXPECTATIONS...

19 [Amid wide popular interest and rising expectations, Prime Minister Tanaka is moving quickly to prepare the political groundwork for early normalization of relations with Peking. The English-language *Mainichi Daily News* last week reported that the government has prepared a declaration for signature during Tanaka's visit to Peking.]

19 [The *Mainichi* report, which has the earmarks of a government leak, claims the key points of the declaration include establishment of diplomatic relations, reaffirmation that these relations are based upon China's five principles for peace, and legal confirmation that the Sino-Japanese war has been terminated.]

20 [In addition, it covers a waiver of Peking's claims for war reparations, a declaration that the 1952 peace treaty between Japan and the Republic of China has been annulled, and an agreement that negotiations for a peace treaty between Tokyo and Peking will be undertaken. An actual exchange of ambassadors, the paper reports, would await subsequent ratification of the declaration by the Diet.] Another newspaper reported this week that the Japanese Foreign Ministry is working on the assumption that their embassy in Peking could be opened in January 1973 at the earliest.]

18 [Tanaka met on 15 August with a ranking Chinese official in Tokyo to accept Chou En-lai's invitation to visit, but no date has been announced. The press is focusing on late September, and government officials appear to be operating on this assumption. Tanaka himself is working to win a consensus within the ruling party for each of his moves, and the leak of the draft declaration was probably designed to test reactions, particularly in the Liberal Democratic Party's right wing.]

18 [Earlier this month, Tanaka and Foreign Minister Ohira used a similar tactic to win acknowledgment that formal relations with Taipei will be severed when diplomatic ties with Peking are established; press rumors that Tanaka will leave for

China on 20 September are probably additional moves in the same game. Tanaka has set up a committee of leading members of the ruling party to "advise" him on the recognition issue, another device to display publicly a party consensus on the problems connected with normalization.]

18 [The prime minister's approach allows him to stay ahead of public opinion and the parliamentary opposition on the issue without formally committing the government to rigid positions any sooner than necessary. For example, the cabinet may ultimately decide simply to allow the treaty with Taipei to lapse when relations with Peking are established, rather than having it formally abrogated.]

19 [China will have no problems with the draft declaration. Indeed, the *Mainichi* claims that the draft largely corresponds to the views of China's leaders as expressed through "informal contacts." This is probably a reference to the recent visit to China of Komeito Party leader Takeiri, who had extensive conversations with Chou En-lai at the beginning of this month.]

...And Expanding Trade

21+22 [Japanese businessmen have been promoting increased trade with China and, as a result, it reached an all-time high of \$525 million in the first half of 1972. This represents a 17-percent gain over the same period last year, after adjusting for revaluation of the yen. Although further growth is likely, Peking's emphasis on economic self-sufficiency probably will act as a constraint.]

21 [The increases were paced by rapidly rising Japanese purchases of cotton yarns and threads, which helped to boost imports of Chinese goods some 33 percent over last year's level. An eight-percent expansion of exports, which allowed Japan to maintain the surplus it has enjoyed with China in recent years, drove the surplus to \$84 million thus far this year.]

21 [In recent months, a steady stream of Japanese business delegations has visited Peking—seven in June alone—to discuss sales of whole plants, ships, and industrial products, which together

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account for the bulk of exports to China. The Japanese have continued to be the leaders at China's semi-annual Canton Trade Fair and this spring ran up a record \$200 million in transactions. The Japanese are motivated in part by the possibility of competition from US firms in the China market.]

2.1 [Almost all major Japanese commercial firms have now accepted Chou En-lai's trade principles, which technically bar them from carrying on business in Taiwan and South Korea.]

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2.1 [The Tanaka administration has strongly supported private efforts to expand trade. Last month, Tokyo approved—for the first time since 1964—an Export-Import Bank credit for China, but it is not yet known if Peking will use this credit for the purchase of a synthetic fiber plant. Tokyo is seeking to simplify arrangements for settling trade accounts with Peking, while a new office within the Ministry of International Trade and Industry is examining other ways of expanding trade, including schemes to facilitate the marketing of Chinese goods in Japan.]

2.1 [Chinese efforts to keep their foreign debt to a minimum will continue to preclude the wide use of Japanese credits. Moreover, the Chinese are reluctant to become dependent on any one foreign supplier. Japan already is Peking's largest trading partner and accounts for nearly 30 percent of China's imports.]

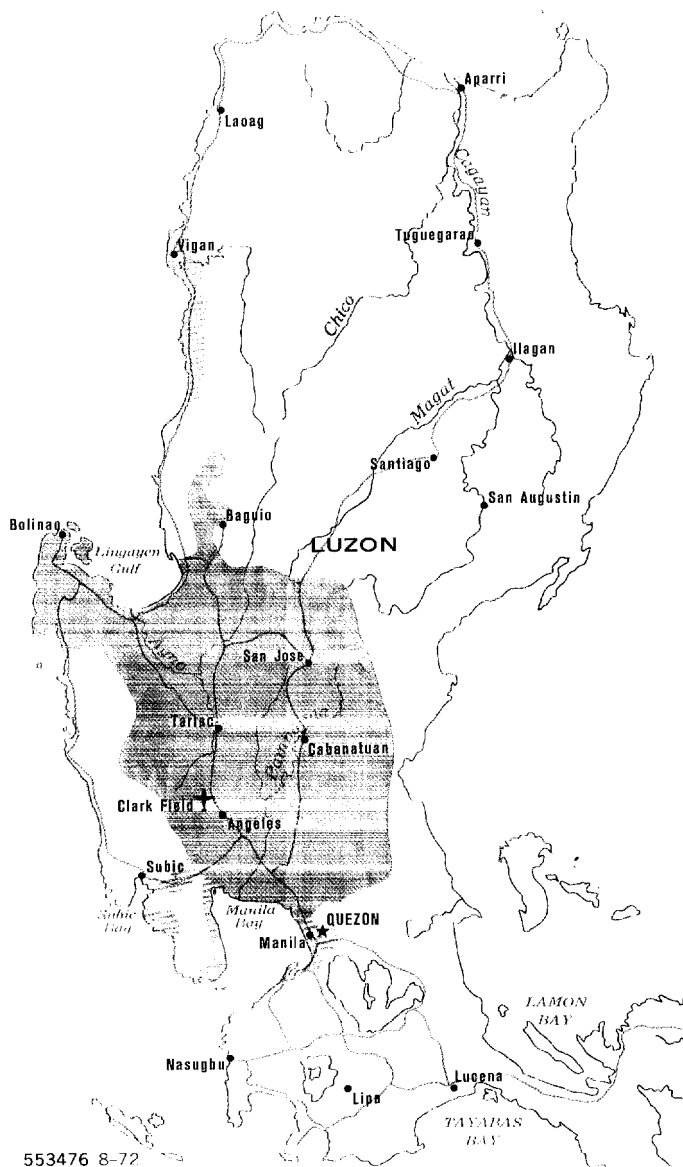
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SECRET**PHILIPPINES: CLEAN-UP 1972**

□ Area of heavy flooding

□ Area of less severe flooding



28 [The recent floods have immensely compounded the economic problems Manila has had for years, and economic growth will be retarded for several years. President Marcos has announced an austerity program to raise the necessary funds to overcome flood losses, but with domestic resources limited, Manila's primary hope lies in foreign assistance.]

28 [Flood damages are estimated at between \$200 and \$400 million. Crops have been severely damaged as have roads, dikes, dams, irrigation canals, and embankments in central Luzon and around Manila. Loss of buildings and equipment was almost as great. While many commercial and industrial buildings were spared, thousands of private dwellings in central Luzon were lost to the floodwaters.]

29 [The austerity program, which includes the freezing of wages and hiring in the public sector and some new revenue measures, is not likely to produce the sizable sums needed. Even before the floods, the government's budget was in the red by about \$75 million. If the government resorts to additional deficit financing, the ensuing inflationary pressures will undercut Manila's efforts to hold the line on prices and improve its balance of payments.]

28 [Thus far, more than \$30 million in foreign assistance has been made available for flood relief, primarily from the US, and some additional funds are expected. Manila also is attempting to get previous foreign donors to contribute additional funds to the country's development program in the hope of combining existing projects with the rehabilitation program.]

30 [With an already high level of debt servicing, however, the Philippines is hardly in any position to take on additional debt. The country's poor foreign-exchange position will hamper purchases of replacement equipment from abroad. Although Manila has obtained easy terms to finance rice purchases to meet expected shortages, such favorable terms probably will not be given for equipment imports.]

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membership in the EC. Although these efforts have had some success, recent polls indicate that progress has leveled off and in some cases regressed.]

3 [A recent Norwegian poll showed only 37 percent in favor of entry, the same as in June. Although those opposed dropped from 44 to 42 percent, this was hardly progress for the government, because the opposition was only 40 percent in April. Thus, the way Norway's referendum, scheduled for 24-25 September, will swing hinges on the 21 percent who remain "uncertain."]

4 [Industrial and financial interests in Norway support membership, but the independent-minded farmers and fishermen, especially in the north, remain opposed. In the north, a "Vote No" button is considered part of the local dress. To wear a "Vote Yes" button in that part of the county reportedly is to invite a punch in the nose.]

5 [The referendum is only advisory, but most observers expect the Norwegian parliament to go along with the result either way. A simple majority will take Norway into the EC.]

6 [The outcome in Norway will have some impact on the Danish referendum scheduled for 2 October. The popular vote is binding on the Danish parliament and only 30 percent is required to defeat entry. Nevertheless, some Danish officials see cause for optimism. They point out that the opposition is based more on emotional than economic reasons. Most Danes freely admit the financial advantages of membership, but fear the EC is dominated by German and Catholic interests.]

CAMPAIGNING FOR THE COMMON MARKET

7 [The governments in Norway and Denmark are pressing their drive to win popular support for



8 [The government campaign has met with a measure of success. A poll in the spring showed 48 percent in favor of EC membership, 28 percent opposed, and 24 percent undecided; a follow-up in July showed that one third of those originally opposed on grounds that they believed membership would have adverse economic effects had since been convinced through the government's campaign that this was not so. Proponents of membership are hardly optimistic, but a Danish Foreign Office official claimed there was "no question" in his mind that the referendum would be favorable.]

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could come quite soon. At the initiative of the Communist and Labor parties, the lower house was this week called back from summer recess to debate the new coalition. The opposition will argue that the minority government has caretaker status only; it may insist on dissolving parliament immediately in order to hold elections at the first opportunity, i.e., early rather than late November. }

{ If the government were to squeak by these opposition roadblocks, Biesheuvel would attempt to push his 1973 budget through the legislature and to reach agreement on wage and price policy for next year. His prospects are not good. On such pressing issues as control of inflation and defense spending, the national interest is more than likely to be subordinated to partisan maneuvering for electoral advantage. }

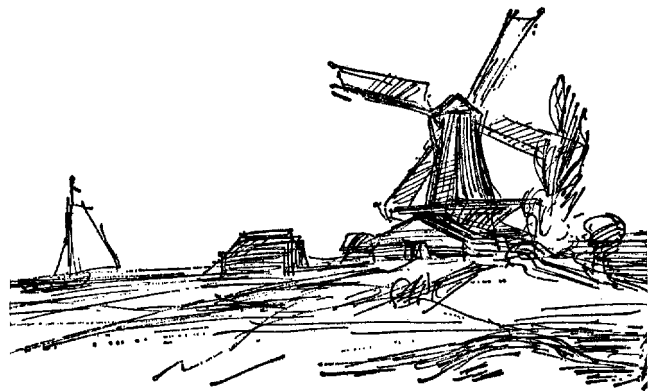
{ Biesheuvel's position is further weakened by the general expectation that the present coalition will not emerge from the next election with a majority. The most widely posited successor is a Labor-confessional government, in part because it is the only combination of the multitudinous Dutch parties that seems to many to offer any hope of longer term governmental stability. Such a government would, in effect, bring the government more in line with the recent Dutch trend to the left. }

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DUTCH REALM DISEASE

{ Prime Minister Biesheuvel's new four-party minority government faces an uncertain future as parliament girds for fall elections. Biesheuvel managed to organize a coalition of the Liberal and three confessional parties on 8 August, three weeks after the defection of a fifth partner brought down his majority government. He paid a price for Liberal participation—elections in November, uncomfortably early for the confessional parties which have slipped in recent polls. }

{ The new coalition has the votes of only 74 of the 150 members of the lower house, but it may be able to count on a few more from right-wing splinter groups. The government's first test



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USSR: THE GRAIN DRAIN

The prospect of a poor harvest this year is forcing the Soviets to import record quantities of grain. So far, they have bought about 20.6 million tons of grain worth almost \$1.3 billion from the US, Canada, and France for delivery next summer. And they are negotiating to buy more.

As things look now, this year will be more than ten percent—at least 16 million tons—below the successful harvests of 1970 and 1971 because of a hard winter and summer drought. Moreover, the continuation of the hot and dry weather during July may seriously reduce the harvest of other feed crops. This will be a severe setback to Brezhnev's livestock program aimed at improving the Soviet diet. The program requires a grain crop substantially higher than the very good crops of the last two years. Now, the leadership is forced to import huge quantities of grain just to maintain the quality of diet achieved in recent years. If the fodder crops suffer from continued drought during August, the Soviets will have to spend even more for foreign grain or resort to distress slaughtering of livestock.

The Soviet grain purchases of 20.6 million tons are almost three times as high as imports in fiscal year 1972 and more than twice the amounts bought after the disastrous harvests of 1963 and 1965. Moreover, during the current fiscal year, the Soviets are committed to export about 7-8 million tons of grain to Eastern Europe and other client states. Thus, they will soon become a net importer of grain for the first time since the mid-1960s.

World shipping capacity is sufficient to handle cargo of this magnitude because of the current depression in tanker and dry-cargo charter markets. Soviet port facilities, however, may prove to be a bottleneck. Most Soviet grain ports still are equipped primarily for loading rather than discharging grain. The most grain received in a single year was seven million tons.

Soviet ability to pay for such large purchases by altering the composition or size of their hard-currency trade is limited. The estimated hard-currency trade deficit of \$800 million in both 1972 and 1973 will have to be financed through a



combination of gold sales, short-term borrowing, and medium-term credits. Even if the Soviets use the maximum of \$500 million in three-year credits made available by the US, the remaining grain purchases will require cash payments. The USSR produces more than 200 tons of gold a year. It could sell most of its current production in 1972 and 1973—leaving gold reserves untouched—and this would cover most if not all of the deficit. A more probable course of action is likely to be a combination of gold sales with short-term and medium-term borrowing from the CEMA International Bank for Economic Cooperation or from a consortium of Western banks.

Kremlin concern with the harvest was made quite clear by the convening of a high-level conference of party and government officials on 8 August, at the height of the VIP vacation season, to hear a report by Brezhnev on the situation. While the general secretary's political position appears sound, the current agricultural difficulties coming on the heels of the major setback to Soviet interests in Egypt provide ammunition for his critics. Brezhnev's close identification with agricultural policy and his insistence on taking the credit when things are going well make him especially vulnerable in this area.

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SWEDEN: MORE HELP FOR HANOI

[Sweden remains in the vanguard of Western support for Hanoi and criticism of US policy. Last March, the government announced that it would extend Sweden's aid program to North Vietnam. Under the program, Sweden made available to Hanoi \$15 million a year—\$5 million for humanitarian aid and \$10 million in escrow for reconstruction when the war ends. The decision to extend was viewed as a move to bolster support for the Palme government from the Swedish left.]

[In July, the Foreign Ministry announced that the annual appropriation would be increased to \$20 million. Harsh criticism of US policy accompanied the announcement, and a succession of high-ranking Swedish officials joined the attack. A Swedish delegation returned from Hanoi on 13 August, and a further increase in aid to North Vietnam was announced. The delegation

cited the "disastrous situation caused by the US bombing offensive" as the reason for giving Hanoi more help. In addition to the increase, the Swedes announced that the \$30 million earmarked for post-war reconstruction would be released now, and that all such aid would be administered by the Swedish International Development Authority, not the Red Cross.]

[Stockholm contends that the funds earmarked for post-war reconstruction will be used to supplement the increased humanitarian aid. The move may in part be a bookkeeping operation, but it stresses Stockholm's support for Hanoi.] Although the conservative press has castigated Palme for misrepresenting the facts about the North Vietnamese invasion and US reaction, such aid gestures, couched in humanitarian terms, probably appeal to most Swedes regardless of political bent.

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25X1**MOROCCO: LIGHTNING STRIKES AGAIN**

[A new period of instability is certain to follow the attempt on 16 August on the life of King Hassan and the death of his principal mainstay, General Mohamed Oufkir.]

[Although three attempts were made to kill the King, he apparently escaped unscathed, as he did from the mid-1970 coup attempt. Three planes of the elite F-5 squadron, under cover of the squadron's normal ceremonial escort function, attacked the King's plane as it was returning from France. Although severely damaged, the plane landed at its destination, the Rabat-Sale airport, some 150 miles from the point of attack. About an hour later, the airport was strafed by F-5s, killing three persons and wounding several of the dignitaries gathered to welcome the King. After refueling at their home base at Kenitra, about 35 miles north of Rabat, the planes strafed the King's palace on the southern outskirts of Rabat.]

[The army and security forces moved swiftly to restore control over the Kenitra base and to

guard vital installations. The situation is outwardly calm, although General Oufkir is dead.] Moroccan official sources assert that he took his own life, perhaps out of remorse, but there is no confirmation that he was in fact a suicide. Rumors that he was implicated in the assassination attempt against the King have been discounted by competent observers.]

[Although General Driss Ben Aomar, who has been named acting defense minister, is a capable and respected army officer of demonstrated loyalty to the King, he lacks Oufkir's drive and has serious health problems.] After the attempted coup last year, he shared with Oufkir the task of restoring order and investigating the plot.]

[Virtually everyone involved in this attempt is apparently in custody, and harsh reprisals are certain. The King's position is bolstered principally by the military and security forces, and the future of the monarchy is now more uncertain than ever.]

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THE MOOD IN CAIRO

[Cairo's attention has been riveted on relations with the Soviet Union, although other issues, such as moves toward union with Libya and new "national unity" legislation, may yet divert the public eye.]

[Muhammad Haykal of the semi-official *al-Ahram* on 11 August discussed the Egyptian-Soviet relationship in his weekly article. He said that mistakes had been made by both sides. Appealing for a dialogue between Moscow and Cairo, Haykal emphasized Cairo's desire to maintain understanding and co-operation. Other writers echoed these sentiments.] On 12 August, another prominent journalist stressed the need for Soviet friendship, but stated that there can be no friendship without mutual understanding. An Egyptian-Soviet summit is in prospect, but no firm plans have yet surfaced. An Egyptian spokesman was quoted on 14 August as saying that consultations toward that end were under way, but "many matters must be settled before that meeting." A US correspondent in Moscow reports that Brezhnev has countered an Egyptian proposal for a summit with an offer of meetings "at the working level."

[Meanwhile, other issues are gaining headlines in Egypt. Although the proposed union with Libya has not generated any significant degree of enthusiasm among the Egyptian public, it is getting considerable publicity in the controlled press. A new "national unity," which bans political activity outside the officially sanctioned Arab Socialist Union and outlaws activities considered subversive by the regime, gives the government sweeping authority to move against any opposition. Among the targets of this decree are the supporters of former vice president Zakariya Muhyeddin, who in recent months have made known their opposition to some of Sadat's policies. The possibility of a recurrence of student unrest when the academic year begins next month probably also concerns Sadat, and this law will help him control that threat.]

[The new regulations have reportedly caused considerable uneasiness among leftist intel-

lectuals, who fear some form of persecution will follow the recent deterioration in Egyptian-Soviet ties. Some individual leftists have been prominent in the public media, but their influence within the power structure is now minimal, and they do not appear to represent any real threat to Sadat. A crackdown by the regime does not appear imminent, but pressures from rightist elements or a further deterioration in relations between Egypt and the Soviet Union might prompt Sadat to move against local Communist sympathizers in the future.

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STEPS TOWARD A "NEW" SUDAN

[President Numayri last week reversed a two-year-old decree and returned to private ownership about 20 Sudanese firms that had been confiscated by his regime in early 1970. The new law will not affect non-Sudanese businesses nationalized at the same time, but Numayri sought to encourage foreign interests by citing a number of Western and Arab deals for assisting in the establishment of new development projects in Sudan.]



Numayri's New Look

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72 Included is a \$40-million undertaking to purchase new Boeing aircraft. Numayri, desiring to make political capital out of his turn toward private enterprise, chose to make the announcements at a mass rally sponsored by private entrepreneurs.]

72 [The President continued to rail against the Sudanese Communists; he still asserts they led a coup attempt against him in July 1971 and accuses them of working to destroy private ownership. He warned his listeners from all friendly states not to send their children to socialist countries for their education. Citing the progress being made in solving the insurgency problem in the south, he applauded the aid received from the West. Libya, he implied, had helped only with words, and few socialist countries had made a meaningful contribution. The USSR got yet another barb when he asserted the arms he had received from Moscow were of no use and were available for return at half price.]

72 [Numayri described the resumption of relations with the US and West Germany as an exercise of Sudanese sovereignty, and he condemned Egypt and others whose press had criticized these actions. Sudan has also resumed relations with Iraq—broken at the time of the abortive coup in Khartoum in July 1971—and just this week established diplomatic contacts with Iran.]

KUWAIT: FLEDGLING POLITICS

74 [Political life in the welfare sheikdom of Kuwait, the world's sixth largest producer of oil, has been changing over the past 18 months. Domestically, elements of political competition and a leftist opposition have emerged, while the government's foreign policy has come more and more to mirror that of the Baathist regime in neighboring Iraq.]

74 [Kuwait has a population of about 800,000, more than half of whom are foreigners drawn to the country by jobs and high salaries. Political life

continues to be dominated by the Sabah family, which has ruled for more than 200 years. The Sabahs hold the key ministerial posts and their followers won a big majority of seats in the 1971 National Assembly elections. But the Sabahs are not particularly effective. The leadership of Prime Minister Sheik Jabir al-Ahmad as-Sabah, who is also heir apparent, has been lackluster. The ruler of Kuwait, Sheik Sabah as-Sabah, does not take an active part in politics. As a result, a clamorous leftist minority in the assembly has kept the Sabah establishment on the defensive. The opposition is varied, but is centered in the Kuwait Arab Nationalist Movement led by Dr. Ahmad Khatib, the son of a freed slave of the Sabahs.]

75 [The government has also been harried by union and student militancy in recent months. In the face of strike threats by oil workers, motivated by political concerns as much as economic grievances, Prime Minister Jabir al-Ahmad has forced the oil companies to capitulate to union demands. Both labor and student leaders are closely linked to Khatib's Arab Nationalist Movement.]

76 [In spite of past Iraqi claims to the country, Kuwait has adopted many of Baghdad's foreign policy positions in 1972. Kuwait joined enthusiastically in Iraq's denunciation of Iran's occupation of three Persian Gulf islands in late 1971, alienating the Shah. The Arab Nationalist Movement has kept up a drumbeat of anti-Iranian sloganeering and has called for closer co-operation with Iraq. Kuwait was quick to support Iraq's decision to nationalize the Iraq Petroleum company and made a loan of about \$36 million to the Baathist regime shortly after the take-over. Kuwait is also outspoken on Palestinian issues, in part because of the presence of an estimated 100,000 Palestinians in Kuwait.]

73 [The ability of the Sabah family to control the Kuwaiti Government when the chips are down is not likely to be challenged in the near future, but political competition and the leftist opposition are likely to flourish even more in the near future.]

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SECRET**CHAD: FENCING WITH FRANCE**

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77 [President Tombalbaye seems to believe he still has room to bargain for the restoration of French budgetary aid to his regime. Paris, recognizing that Chad's financial and security problems are mounting, shows no disposition to compromise.]

strength, and in the north the threat of increased dissidence is heightened by new arms deliveries from Libya.

80 [Hoping to clear the way for talks with the French, Tombalbaye last week released the French citizens who were recently arrested on unspecified charges during a massive purge of Chadians for alleged subversion. The incarceration of the Frenchmen was a bar to such talks.]

UGANDA: MORE SCAPEGOATS

86 [On 5 August, President Amin announced that the approximately 55,000 Asians living in Uganda who hold British passports must leave the country within 90 days. Charging that the Asians were "sabotaging the Ugandan economy and encouraging corruption," he said that the economy should be in the hands of Ugandan citizens, especially black Ugandans. Amin later extended his expulsion order to include the approximately 9,000 Indian, Pakistani, and Bangladesh nationals in the country. He added that another 23,000 Asians who claim Ugandan citizenship must validate their claim within five weeks.]

82 [For over a decade, Paris has steadfastly backed the Tombalbaye regime, but the French military role in helping to quell Chad's Muslim insurgency has provoked considerable criticism back in France. The French have an air base and army camp in Chad to meet their defense commitments in central Africa, and elements of the French forces provide a ready reserve for the French-advised Chadian military. Paris has become progressively disenchanted this year with Tombalbaye because of his preoccupation with "plotters," his failure to effect administrative reforms, and his wasteful spending. In an effort to generate changes, Paris has stopped supporting Chad's budget.]

87 [Amin, apparently influenced by moderate advisers, later eased the effects of his edict somewhat. He exempted government employees, doctors, lawyers, and other professionals as well as managers and owners of industrial and agricultural enterprises, banks, and insurance companies. These people make up only a small part of the Asian community, however.]

81 [As a result, Chad's treasury is now empty and government salaries were not paid last month. Furthermore, most commercial firms are refusing government purchase orders. For the moment, Tombalbaye's administration is just managing to function, but no unrest in the military has been reported. However, Chadian forces, short of supplies and on their own since the scheduled withdrawal last month of the French from combat, have ceased active operations. Moreover, the rebels in the north and east are rebuilding their

90 [The President's campaign against the Asians went into high gear late last year with a series of statements and an order for an Asian census. Amin accused the Asians of a long list of transgressions, including disloyalty, refusing to integrate with the African majority, and failing to contribute to the country's development. In December, he canceled long-pending citizenship applications for 12,000 Asians and announced that applications would have to be resubmitted under criteria the government has yet to publish.]

90 [Amin's moves will serve to legitimize the anti-Asian feeling that pervades Uganda as well as

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the rest of east Africa. Resentment against the Asians is based on what Africans consider to be the Asians' conspicuous clannishness and their disproportionate role in commerce and the professions. Most Asians have been reluctant to take out Ugandan citizenship. The government itself moved quickly to make things difficult for Asians exempted from the President's edict as well as for those ordered to leave. Last week, Kampala announced that businesses of departing Asians could be sold only to Ugandans, that leases held by Asians and Europeans would not be renewed, and that Asians must turn in all firearms and ammunition. The government had already closed off borders and tightened up exchange controls. Customs officials have been confiscating valuables from departing Asians. Kampala also is rejecting a number of Asian claims to Ugandan citizenship. As a result, few Asians, even those who have been exempted or who meet citizenship requirements, plan to remain.

The President clearly hopes to use the Asians as a scapegoat for the country's considerable woes, just as he continues to use the Israelis he expelled last March. Since Amin seized power in January 1971, the economy has deteriorated

steadily, largely as a result of the President's heavy defense spending. The problem will not be improved by his latest moves. Asian entrepreneurial and technical skills are sorely needed. The Asian exodus is likely to drain already short supplies of investment capital and foreign exchange and to discourage new foreign investment, thereby further disrupting the economy.

The British, who have accepted responsibility for the Asians, are concentrating on diplomatic efforts to get Amin to modify the expulsion order, but the President has told a special British envoy that he will stand firm. Prime Minister Heath has requested the assistance of several Commonwealth nations, including India and Pakistan, in applying pressure to Amin as well as in resettling some of the Asians. The British, at least for the moment, believe that threatening cancellation of their almost \$12 million in annual aid to Uganda would not be effective. Although the Heath government has not yet encountered any significant domestic opposition, the Tories are well aware that the anti-Asian sentiments held by some Britons may redound against the government.

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Asians in Kampala line up for necessary pre-departure vaccinations.

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CHILE: FEEDING THE PEOPLE

Food shortages have become a political problem for President Allende, despite a significant rise in food consumption since he took office. To meet the sharply increased demand for food, Chile is importing more, but the required foreign exchange expenditures may be too much to sustain for long, and the exhaustion of some food stocks looms.

In his campaign, Allende promised to increase the level of nutrition available to poor Chileans. He has partially accomplished this by redistributing income in their favor. The disadvantaged have spent much of their increased income on food, and controls have prevented foodstuffs in short supply from being priced out of reach.

Land reform, planned and otherwise, has contributed to the problem of supplying more food to the cities. Some expropriated estates are actually producing more than they did under their former owners. Others suffer from poor management and are producing less. The remaining private farmers are often unwilling to invest in expansion while the legal status of their properties is in doubt. The net result has been lower agricultural production, and since peasants, too, are eating more, much less is being shipped to the cities.

Chile has been a net food importer for over 20 years. After Allende took office, a massive importing program was launched to satisfy the greater demand for food engendered by his social policies. Today, the food import bill accounts for about one third of all foreign-exchange expenditures; Allende is willing to accept this economic drain as long as possible since he sees political gain in the program.

The socialist countries have not been much help to Chile in its search for food. China has supplied some pork, corn, and rice, but the Soviets have withdrawn their previous offer of wheat and have come up with little else. This has forced Chile to pay cash in the usual markets. Australia has contracted to supply 600,000 metric tons of wheat, an especially important

commodity to Chileans, as wheat products make up 40 percent of their average caloric intake. Chile would still like to import another 500,000 tons. Latin America, Australia, New Zealand, the Netherlands, and the US have been the leading sources for meat, poultry and dairy products.

Allende has so far been willing to take the easy way out of these pressing problems, but his ability to maintain the required level of food imports is running out before his hoped-for gains in domestic productivity have materialized. Government officials now expect that stocks of some important items will be exhausted during August. Severe food shortages before the election next March would surely add to the government's difficulties in winning that election.

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25X1**VENEZUELA: MAYBE A LATIN OPEC**

The Caldera administration is making another ambitious effort to push Venezuela's leadership in regional affairs. Having last year successfully convoked the Caribbean foreign ministers in order to educate and influence them on Law of the Sea matters, Venezuela now seeks to establish the Latin American position on petroleum and other energy resources. A Latin American petroleum conference, hosted by Minister of Mines Perez la Salvia, has been set for 21-25 August in Caracas.

Perez first floated the idea for a meeting of Latin American oil-exporting nations early this year, and he has made extensive journeys to promote it. The meeting is open to consumer nations in the area as well as producers, and the Venezuelans say that 15 or more countries are sending ministers. There is little indication so far as to how the other governments view the conference, or whether they have reviewed the possibilities for a co-ordinated Latin American position on energy. It is clear, however, that Venezuela hopes to build on the influence in international petroleum affairs it earned as a founder of the Organization of Petroleum Exporting Countries.

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[The conference is attractive to President Caldera's Christian Democratic government not only as a means of laying claim to hemispheric leadership in the important matter of petroleum, but also because indications of approval from other nations will counter domestic criticism that this year's oil production decline means that Caldera has carried his nationalistic policies too far. Moreover, Venezuela's high oil price, due in part to the large bite the government takes from oil profits—89 cents on the dollar—give it an obvious interest in convincing its neighbors not to grant more favorable conditions to the oil companies. The Venezuelans would also like to induce the countries that are net importers of oil to buy more from Venezuela. While Venezuelan oil is currently not competitive with oil from the Middle East, Caracas may offer discounts to Latin American buyers. One US oil company believes that the state oil company in Venezuela is already selling oil to Peru at a reduced rate.]

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General Rey (l.) and President Lanusse view Independence Day parade on 9 July.

ARGENTINA: LANUSSE'S WOES

[President Lanusse's political troubles are multiplying as he tries to lay the groundwork for the presidential election next March. Although his speech to the armed forces last month went some distance toward consolidating the military leadership, subsequent developments—including the resignation of one of his more popular cabinet ministers and rumors that the treasury minister is on the way out—have created the impression of serious divisions within the government.]

[More importantly, in a recent speech, Lanusse's fellow junta member General Rey, criticized Argentina's economic system, suggesting a new split within the military high command. Rey's attack on Argentina's free-market economy, which is troubled by inflation, may well have surprised Lanusse. There have been pressures from some political and military figures for more centralized, nationalist economic policies. General Rey, as the number-two man in the ruling junta, is the presumptive successor to Lanusse in Janu-

ary, and his speech has already led to speculation that chinks have been opened in Lanusse's armor.]

[The Peronists and the political coalition they dominate, the Frente Civico, are refusing to meet with the government on election plans, since they sense that Lanusse's position may be shaky. In fact, Peronist leaders seem ready to capitalize on any split between Lanusse and Rey. Recently, Peronist leader Hector Campora suggested in Madrid that the military should take from Lanusse the leadership of the political institutionalization process. If the duel between Lanusse and the Peronists continues, it could doom the administration's consultations with other political parties. Without the Peronists, an election could do little more than bring in a minority government.]

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SECRET**PANAMA: TORRIJOS' NEW HAT**

General Omar Torrijos has not yet decided precisely what role he will assume under the new constitution. Drafting on the basic charter is still under way and a great deal of work remains to be done before it can be approved by the 505-member national assembly elected on 6 August. The assembly will begin its session on 11 October, the fourth anniversary of the revolution, by selecting a president and vice president of Panama.

No matter how Torrijos decides to arrange and staff the new executive, he himself will continue to wield the real power. He probably will retain his position as National Guard commandant whether he assumes any other duties. There are indications that Torrijos might be "pressured" by the assembly to accept the title of "chief of government," while a figurehead president absorbs many of the ceremonial duties. Torrijos reportedly has been in near seclusion since the elections, mulling over his best course.



Torrijos and Wife on Campaign Trail

The official returns from the assembly elections have not been announced, but the balloting appears to have been among the most honest in the country's history. Since there were no parties, opposition, or issues, there was little need for vote juggling. Although there were irregularities and a great deal of confusion, the blatant fraud and voter coercion that characterized past elections was absent. The government-controlled media continues to tout the large turnout, claiming that over one half million voted, nearly 95 percent of those eligible. While the total was undoubtedly lower, government officials are highly pleased, interpreting the election as a vote of confidence.

The Communists are not pleased, since their candidates generally made poor showings. A top party official lost in a slum district of the capital and, in the rural areas, candidates favored by party activists in the agrarian reform bureaucracy reportedly lost.

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COLOMBIA: ANTI-SUBVERSIVE DRIVE

Colombia is gradually reducing the guerrilla activity from which it has suffered for a quarter century. The government has been concentrating on the National Liberation Army. Since late June, scores of persons have been arrested, including the alleged national leader of the group's urban support network. The Bogota representative of the attorney general's office has been implicated and arrested. Few, if any, active rural guerrillas have been apprehended, as the government has focused on isolating them by eliminating their support structure. Under the state of siege, those arrested are subject to courts martial, but they will probably not begin until the authorities feel that operational and intelligence information can safely be used in open court.

Military planners conceived this latest operation when the pro-Havana National Liberation

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106 Army and the pro-Moscow Revolutionary Armed Forces were rumored to be organizing an urban terrorist front. 107 Perhaps as a consequence of this, several prominent Moscow-line Communists, including Soviet Embassy personnel, have been caught up in the government campaign. During the past two weeks, several Soviet citizens have been expelled for engaging in unspecified "subversive activity." Among them were reported to be three officers of the Soviet Committee for State Security (KGB). 108 The Soviets are known to have dealt with the Revolutionary Armed Forces—particularly through its parent organization, the Colombian Communist Party. The expulsion of Soviet diplomats is consistent with the Colombian Government's disapproval of the large size of the Soviet mission in Bogota. 1

105 The government has wrested the initiative from the National Liberation Army, which as recently as April operated with impunity in the Magdalena River valley in the north-central part of the country. 106 Although the organization is far from eliminated, its freedom to act has been severely impaired. [redacted]

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[redacted] Capitalizing on the general success of this drive, the government may now turn its full attention to the Revolutionary Armed Forces—and in the process may involve additional Soviets—and the minuscule pro-Peking People's Liberation Army. [redacted]

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Guerrilla Band of the Magdalena River Valley in 1953



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